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SUBJECT: ORISSA'S BJD PARTY PROMOTES STATE INTERESTS AND
DISADVANTAGED COMMUNITIES

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[1](#)1. (SBU) Summary: CG travelled to Orissa in June to congratulate Chief Minister Naveen Patnaik on Biju Janata Dal's (BJD)'s best electoral performance since the party was formed in 1997. The impressive performance of the regional party in the 2009 parliamentary and state elections validated the party's decision to break with its erstwhile National Democratic Alliance ally, the Bharatiya Janata Party (BJP). Without its 11-year old ally, the BJD won 14 of 21 parliamentary seats and 103 of the state's 147 assembly seats. The BJD capitalized on voters' disaffection with the central government and promoted state-centric policies and programs supporting economically disadvantaged populations. Patnaik also courted women and minority communities and projected a clean image as an effective leader. CG met with a range of senior political leaders, government officials, journalists, tribal community representatives and international NGOs to prepare this report.

Secret of Success: Win Over the Disadvantaged

[1](#)2. (SBU) According to BJD's chief election strategist, Raja Sabha MP Pyari Mohan Mahapatra, BJD's populist policies, such as heavily subsidized rice, clinched the elections for the BJD. Even BJP National Vice President Jual Oram acknowledge and privately speculated that the BJD won over 50 percent of voters through the food subsidy programs, despite the fact that the majority of the subsidy was paid by the central and not state government. Mahapatra explained that Patnaik strategically targeted disadvantaged communities, including women, tribals and scheduled castes through various development schemes. For example, the state government provided subsidized loans for self-help groups supporting approximately 4.8 million women. The state provided special training for members of local tribes, representing 22 percent of the state's population, to help them enter the work force. He credited BJD's increase in vote-share (from 27 to 39 percent) to Patnaik's personal popularity and the public's admiration for an unprecedented "translucent," less corrupt administration. According to journalists, Patnaik's public outreach master-stroke was sending a recorded message by telephone to voters urging them to vote for him, with many recipients believing that Patnaik has personally make the call. They later received a thank you call after the elections.

State versus National Interests

[1](#)3. (SBU) Mahapatra expressed dismay that while Orissa has the second largest mineral resources in the country, it is still one of India's poorest states. He blamed national policies for

depriving Orissa of a fair share of mineral royalties and limiting industrialization in the state. He complained that by subsidizing freight shipments and building central government processing facilities in other states, the national government shifted the economic benefits Orissa should have earned to other more politically influential states. Mahapatra explained that BJD used the public perception that the central government, regardless of the party in power, did not support Orissa economically, to gain voter support. State Congress President K.P. Singh Deo acknowledged that as a national party Congress is hampered by having to adopt a broader perspective in its economic planning.

Go Slow on Industrialization

14. (SBU) Both Mahapatra and the young U.S.-educated BJD parliamentarian Bijayant Panda emphasized Patnaik's go slow approach to industrialization and tough negotiations with investors as another reason voters supported BJD. Panda highlighted Patnaik's insistence on coupling mineral rights with agreements to build in-state production facilities. When asked about rumors that South Korean steel firm POSCO planned to leave Orissa with its proposed USD 12 billion green field steel plant, Mahapatra welcomed POSCO's departure claiming that the deal was not good for the state. Local resistance to land acquisition in Jagatsinghpur has stymied the project with little progress since its announcement in 2005.

BJD-BJP Split Inevitable - Politically Expedient, No Common Ideology

15. (SBU) Mahapatra told CG in a highly candid interaction that his party decided to part ways with the BJP "the day the alliance was forged" (Reftel A). He claimed that the BJP-BJD marriage was one of political expediency without a common ideological basis and formed simply to allow the BJD to develop as a party. He confirmed that while differences between the two

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partners over the 2007-2008 violence in Kandhamal (Reftel B) contributed to the break, BJD was prepared to end the political alliance once it had enough votes to defeat Congress in state assembly elections on its own. In talks with BJP state leaders, it was clear that BJD's withdraw from the alliance in March 2009 took them by surprise and they speculated that the timing was intentional to allow them little time to prepare for the following month's elections.

Comment

16. (SBU) Patnaik, like Bihar Chief Minister Nitish Kumar, appears to be using the same tools to gain and sustain power - focusing on state instead of national issues, courting disadvantaged groups and highlighting good governance. While immensely popular and influential in Orissa, the BJD will have little influence in Parliament since it is neither allied with the government nor the main opposition party. An overt alliance between the BJD and the Congress is difficult since Congress leads the state opposition. Given the BJD's surprise departure from the BJP alliance, it is unlikely BJP will forgive and forget anytime soon. With Patnaik's personal contacts among the Congress elite, however, there is a good chance BJD will indirectly support the United Progressive Alliance in exchange for benefits for the state. BJD's greatest challenge now will be to find the funds to sustain its expensive populist measures while at the same time wooing the private sector to develop the state in a more inclusive manner.

PAYNE